

EXHIBIT B

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Weidinger, Frederick - Volume I 09-13-2010

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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

-----:
BRAINTECH, INC., a Nevada corporation, :
Plaintiff/Counter-Defendant, :
vs. : Case No.
ADIL SHAFI, an individual, : 09-10454
Defendant/Counter-Plaintiff, :
vs. :
FREDERICK WEIDINGER, an individual, : Volume 1
Counterclaim Defendant. :
-----:

McLean, Virginia

Monday, September 13, 2010

Deposition of:

FREDERICK WEIDINGER

called for oral examination by counsel for Adil Shafi,
pursuant to notice, at the Law Offices of Pillsbury
Winthrop Shaw Pittman, 1650 Tysons Boulevard, McLean,
Virginia, before Vicky Reiner, RMR, CRR of Capital
Reporting, a Notary Public in and for the Commonwealth
of Virginia, beginning at 10:00 a.m., when were
present on behalf of the respective parties:

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<p>1 APPEARANCES 2 On behalf of Plaintiff/Counter-Defendant SUSAN D. KOVAL, ESQUIRE 3 Nemeth Burnell, P.C. 200 Talon Centre Drive 4 Suite 200 Detroit, Michigan 48207 5 (313) 567-5921 skoval@nemethburnell.com</p> <p>6 7 On behalf of Defendant/Counter-Plaintiff. JAMES P. MURPHY, ESQUIRE 8 Berry Moorman, P.C. 535 Griswold, Suite 1900 9 Detroit, Michigan 48226 (313) 223-1605 10 murph@berrymoorman.com</p> <p>11 12 On behalf of Counterclaim Defendant. GEOFFREY J. GREEVES, ESQUIRE 13 Pillsbury Winthrop Shaw Pittman, LLP 2300 N Street, N.W. 14 Washington, D.C. 20037 (202) 663-9228 15 geoffrey.greeves@pillsburylaw.com</p> <p>16 17 ALSO PRESENT: Adil Shafi</p> <p>18 19 20 21 22</p>	<p>2</p> <p>1 DEPOSITION EXHIBITS: * PAGE 2 15 E-mail regarding Siemens 203 3 16 E-mail 207 4 17 Document 208 5 18 E-mail, dated May 30, from Adil Shafi to Rick Weldinger 216 6 19 E-mail from Adil Shafi 223 7 20 E-mail to Rick Weldinger from Adil Shafi dated May 30, 2008 232 9 21 E-mail to Rick Weldinger from Adil Shafi dated April 8, 2008 236 10 22 Document that was an attachment to Exhibit 21 238 12 23 E-mail dated April 16 241 13 24 Compilation of several e-mails around October 16 and 17 242 14 25 Partnership document 245 15 26 E-mail from Rick Weldinger to Adil Shafi 249 16 27 E-mail from Rick Weldinger responding to Adil Shafi's May 30 e-mail about a wire transfer 259 18 28 E-mail to Rick Weldinger from Mr. Shafi on or about May 30 261 20 29 E-mail from Rick Weldinger to Adil Shafi responding to Exhibit 28 268 21 30 E-mail dated May 31 274 22</p> <p>3</p> <p>1 DEPOSITION EXHIBITS: * PAGE 2 31 E-mail 279 3 32 E-mail from rick@weldingerfamily.com to Adil Shafi dated June 1, 2008 281 4 33 Chart A 282 5 34 Technical Corroboration, attachment to Exhibit 32 284 7 35 Document 285 8 36 Document sent to Adil Shafi from Rick Weldinger on June 1, 2008 286 9 37 Document showing Rick Weldinger as the author of Exhibit 36 292 11 38 Closing schedule proposed in connection with partnership discussions 297 12 39 Document 298 13 40 E-mail from Rick Weldinger to Adil Shafi dated June 1, 2008 300 15 41 Attachment to an e-mail from Rick Weldinger to Adil Shafi around June 1, 2008 301 16 42 Excel spreadsheet 311 17 43 E-mail from Mr. Dara 312 18 44 E-mail from Rick Weldinger to Adil Shafi dated June 1, 2008 313 20 21 (*Exhibits retained by attorney for Adil Shafi.) 22</p>
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<p>1 company was involved in in the A1 racing?</p> <p>2 A Yes, sir.</p> <p>3 Q Did you -- was your involvement in the A1</p> <p>4 racing through a company that you created?</p> <p>5 A Yes, it was. It was --</p> <p>6 Q What's the name of the company?</p> <p>7 A TR Racing LLC.</p> <p>8 Q Were you the sole owner of TR Racing?</p> <p>9 A Yes.</p> <p>10 Q And what was the nature of the litigation?</p> <p>11 A We had executed a business contract with</p> <p>12 Sheikh Maktoum, who was the largest shareholder of the</p> <p>13 series, and the series and some other people. And in</p> <p>14 2008, we basically -- we were removed from the series,</p> <p>15 And the series brought in the Andretti group because</p> <p>16 they found that my contract with them no longer served</p> <p>17 their purposes. So we filed a lawsuit. And we gained</p> <p>18 a consent judgment against them, the series and</p> <p>19 certain individuals.</p> <p>20 Q Is the series still in operation today?</p> <p>21 A No, sir. No.</p> <p>22 Q In November of 2007, you became the CEO of</p>	<p>22 1 that you had?</p> <p>2 A I'm not sure. But a lot of the -- a lot of</p> <p>3 the ownership I had was in the form of milestones, and</p> <p>4 they were escrowed. And a lot of those milestones</p> <p>5 were based on revenue achievement which unfortunately</p> <p>6 Braintech never hit, so I never got actually</p> <p>7 possession of those shares. So it's significantly</p> <p>8 less than that. I'm not sure what it is. We can go</p> <p>9 to the records.</p> <p>10 Q Is it more than 30 percent?</p> <p>11 A No. I think it was less than 30 percent</p> <p>12 actually.</p> <p>13 Q Were you the single largest shareholder of</p> <p>14 Braintech at any time?</p> <p>15 A I think -- I think the answer to that is</p> <p>16 yes. But I think Owen and I went back and forth, back</p> <p>17 and forth.</p> <p>18 Q Between you and Owen, did you have more than</p> <p>19 50 percent control?</p> <p>20 A I think it was just a little less than</p> <p>21 50 percent. Yeah. I would have to check the figures</p> <p>22 for you. I'm willing to do that. But, yeah, I think</p>
<p>1 Braintech, true?</p> <p>2 A True. Correct.</p> <p>3 Q How did you come to be the CEO of Braintech?</p> <p>4 A I was contacted by the founder and owner of</p> <p>5 Braintech and asked if I would consider it.</p> <p>6 Q Who was the founder and owner?</p> <p>7 A Owen Jones.</p> <p>8 Q Where was Mr. Jones located at the time?</p> <p>9 A Vancouver, B.C.</p> <p>10 Q Did you know Mr. Jones prior to that</p> <p>11 inquiry?</p> <p>12 A I had. Also sometime before -- before I got</p> <p>13 involved in my racing, which took me around the world,</p> <p>14 I was on his board, the board of directors of</p> <p>15 Braintech and also a shareholder.</p> <p>16 Q How much stock did you own in Braintech in</p> <p>17 November of 2007?</p> <p>18 A I don't recollect offhand.</p> <p>19 Q At some point you became up to about a 42,</p> <p>20 43 percent shareholder, true?</p> <p>21 A No. Not true.</p> <p>22 Q What was the highest percentage of ownership</p>	<p>23 1 my recollection is less than.</p> <p>2 Q Was your share ownership significantly less</p> <p>3 in November of 2007 before you became CEO?</p> <p>4 A Yes, because I got -- like I said, I got,</p> <p>5 you know, my -- my -- my employment contract was</p> <p>6 structured where they put a number of shares into an</p> <p>7 escrow. And as I hit milestones, they took shares out</p> <p>8 of the escrow and delivered them to me. And so some</p> <p>9 of the milestones that I had hit through my employment</p> <p>10 and through my achievements with Braintech as CEO, my</p> <p>11 shares were greater than when I first started, yes.</p> <p>12 Q In November of 2007, ABB was virtually the</p> <p>13 only customer of Braintech, true?</p> <p>14 A True.</p> <p>15 Q In 2008, ABB was responsible for 99 percent</p> <p>16 of revenue at Braintech, true?</p> <p>17 A True.</p> <p>18 Q And that contract with ABB was scheduled to</p> <p>19 come to an end in December of 2008, true?</p> <p>20 A Yes, sir.</p> <p>21 Q In the 2008 10-K there's a statement, and</p> <p>22 I'm going to read it, it's a short statement: "Since</p>

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<p>1 his appointment as our chief executive officer in 2 November of 2007, Mr. Weidinger has developed and 3 implemented a new business plan that redefines the 4 company's markets in order to better utilize its 5 technology and create operating leverage."</p> <p>6 Is that an accurate statement?</p> <p>7 A Yes.</p> <p>8 Q How much of that plan was put together 9 before February 2008?</p> <p>10 A Not -- not much. I mean, not much. An 11 important part of that plan was actually our 12 acquisition of Shafi.</p> <p>13 Q And how did it come to be that you got in 14 contact with Mr. Shafi?</p> <p>15 A Babak expressed to me in a staff meeting 16 that Adil had expressed interest in what we were 17 doing. I said I would love to meet him. When you get 18 a chance, call him.</p> <p>19 Q And this is Babak Habibi?</p> <p>20 A Yes.</p> <p>21 Q Can you spell his name for the court 22 reporter, please.</p>		<p>1 MR. GREEVES: Yes.</p> <p>2 THE WITNESS: Okay. That was the 2008 K?</p> <p>3 BY MR. MURPHY:</p> <p>4 Q 10-K.</p> <p>5 A 10-K. That was a description put in our 6 10-Ks after diligent review of the company by our 7 auditors.</p> <p>8 Q So that statement is there?</p> <p>9 A That statement is there, yes.</p> <p>10 Q And the reality was, in 2008, there was 11 concern about whether Braintech would continue to 12 exist?</p> <p>13 A There was concern from our auditors that 14 Braintech would -- could exist.</p> <p>15 Q Did you --</p> <p>16 A Correct.</p> <p>17 Q -- personally have any concerns outside of 18 what was expressed by the auditors?</p> <p>19 A Yeah. I mean, we had to -- we had to 20 commercialize our technology. We had to generate 21 revenue.</p> <p>22 Q What do you mean by commercialize the</p>	
	27		29
<p>1 A Can I?</p> <p>2 Q Yes.</p> <p>3 A I can try. B-A-B-B-A-K, H-A-B-B-I-B-I.</p> <p>4 Is that right? He might know better than I.</p> <p>5 Sorry.</p> <p>6 Q And Braintech was a publicly held company, 7 true?</p> <p>8 A True.</p> <p>9 Q And your role as chief executive officer was 10 to make sure that the company met all of its reporting 11 obligations, true?</p> <p>12 A True.</p> <p>13 Q Among other things?</p> <p>14 A Among other things.</p> <p>15 Q In the 2008 10-K filed with the Securities 16 and Exchange Commission, there is an expression of 17 doubt as to the going concern business of Braintech.</p> <p>18 Do you agree with that?</p> <p>19 MR. GREEVES: Object to the form of the 20 question.</p> <p>21 THE WITNESS: Do I answer?</p> <p>22 MR. MURPHY: Yeah.</p>		<p>1 technology?</p> <p>2 A I mean, that's one of the reasons why I was 3 attracted to Adil Shafi is that what -- one thing that 4 Braintech had is they had world class technology. 5 Even today, this day, there's technology in the market 6 but they didn't know how to commercialize this because 7 they never had to do that before. They had one 8 customer which was a channel partner. They didn't 9 have to commercialize it. They didn't have to sell it 10 to any third party. It was under a contract.</p> <p>11 So --</p> <p>12 Q So by commercialize, you mean moving beyond 13 the one customer and finding additional customers to 14 purchase the software?</p> <p>15 A Correct.</p> <p>16 Q Prior to November 2007, what experience did 17 you have in the vision guided robotics software 18 business?</p> <p>19 A I -- I had experience with it as a board 20 member, Braintech, previous board member, and previous 21 shareholder.</p> <p>22 Q When did you join the board of Braintech?</p>	

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<p>1 existed as of June 19, true?</p> <p>2 A Yeah. It says the 23rd of June on my copy.</p> <p>3 MR. GREEVES: Sorry. Just to eliminate the</p> <p>4 confusion, Exhibit A within RW 4. Is that what</p> <p>5 you're speaking of?</p> <p>6 MR. MURPHY: Yes.</p> <p>7 MR. GREEVES: Thank you.</p> <p>8 THE WITNESS: I'm sorry, the question.</p> <p>9 BY MR. MURPHY:</p> <p>10 Q It contains a copy of whatever iteration of</p> <p>11 the employment agreement existed on or about June 19,</p> <p>12 true?</p> <p>13 A It has an attachment called Exhibit A, which</p> <p>14 is titled "Employment Agreement." It's dated the 23rd</p> <p>15 of June.</p> <p>16 Q But it's not signed, true?</p> <p>17 A It's a marked-up copy. It shows that it's a</p> <p>18 work in progress.</p> <p>19 Q Was the letter of intent signed by you on</p> <p>20 June 19, 2008?</p> <p>21 A The date of the letter is June 19th. It</p> <p>22 looks like the date of the fax is June 19th.</p>	<p>66</p> <p>1 Q Now, where I got this from was the closing</p> <p>2 package. Is it your recollection that a complete</p> <p>3 version of the letter of intent was included in the</p> <p>4 closing package?</p> <p>5 MR. GREEVES: Object to the form.</p> <p>6 THE WITNESS: I don't know if this was</p> <p>7 included in the closing package or not. We can go</p> <p>8 through the closing package. I'm sure we have all the</p> <p>9 closing documents somewhere in this room. We can go</p> <p>10 through them.</p> <p>11 Is that what you're asking me? Do I know if</p> <p>12 this was attached to the closing documents?</p> <p>13 BY MR. MURPHY:</p> <p>14 Q No. Do you have a recollection that a</p> <p>15 complete copy of the letter of intent with exhibits</p> <p>16 was made a part of the closing package?</p> <p>17 A I don't know. I don't know. That's</p> <p>18 something we can certainly find out easily.</p> <p>19 Q These pages are unnumbered. I apologize for</p> <p>20 that. If you could move forward to Exhibit B.</p> <p>21 A Exhibit B.</p> <p>22 Q Can you tell me what your recollection of</p>
<p>1 Q By the way, you were -- on June 19, 2008,</p> <p>2 you were staying at the Ameristar Casino?</p> <p>3 A That's incorrect. I was staying at my lake</p> <p>4 home, which is about 30 minutes from Ameristar Casino</p> <p>5 where we go often to eat dinner.</p> <p>6 Q So you happened to go to the Ameristar</p> <p>7 Casino to fax a copy of this document to Mr. Shafi?</p> <p>8 A Because the fax, as Adil well knows, the</p> <p>9 fax -- he burned out my fax copy at the lake home. So</p> <p>10 I had to go someplace to make sure that he got this</p> <p>11 when he needed it.</p> <p>12 Q We'll get through this a lot faster if you</p> <p>13 can just stick to my questions and answer my</p> <p>14 questions.</p> <p>15 A I'm sorry about that.</p> <p>16 Q So you went to Ameristar Casino and you</p> <p>17 faxed it on June 19, 2007, true?</p> <p>18 A That's what it says up at the top.</p> <p>19 Q That's the same date that you signed it,</p> <p>20 true?</p> <p>21 A I think so, yeah. I think so. I'm not sure</p> <p>22 what day he signed it.</p>	<p>67</p> <p>1 Exhibit B represents.</p> <p>2 A I don't have any recollection of this.</p> <p>3 Q Do you have any recollection that part of</p> <p>4 the deal was that Braintech would assume \$1 million</p> <p>5 worth of debt owed by Shafi to his creditors?</p> <p>6 MR. GREEVES: Object to the form of the</p> <p>7 question. Go ahead.</p> <p>8 THE WITNESS: Well, two things. One is that</p> <p>9 debt number always kept changing. And number 2, it</p> <p>10 wasn't BT, Braintech assuming the debt, it was Shafi</p> <p>11 Inc. maintaining the debt.</p> <p>12 BY MR. MURPHY:</p> <p>13 Q Why don't you go back to page 3 of the</p> <p>14 letter of intent.</p> <p>15 A Okay. Page 3. Paragraph 3 or what?</p> <p>16 Q Page 3.</p> <p>17 A Page 3.</p> <p>18 Q Paragraph D. I'm going to read this.</p> <p>19 A Uh-huh.</p> <p>20 Q "Braintech will acquire the stock subject to</p> <p>21 the indebtedness, obligations and other liabilities</p> <p>22 not to exceed \$1 million owed by Shafi and set forth</p>

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<p>1 understanding that Shafi was going to go ahead and 2 pursue this on his own and he would be responsible for 3 this because it was his defense.</p> <p>4 BY MR. MURPHY:</p> <p>5 Q The question, Mr. Weidinger, is you were 6 aware that JMP sought at least \$60,000 from Shafi, 7 Inc. before the closing. True or false?</p> <p>8 A I'm not sure that I specifically had the 9 understanding of the number 60,000 that you keep 10 talking about. I knew there was activity between -- 11 that there was a lawsuit that JMP Engineering was 12 filing against Shafi for monies owed.</p> <p>13 Q I'm talking about the \$60,000 because it's 14 referenced in the fourth line of subparagraph 2.a.i., 15 correct?</p> <p>16 A I see that, yes.</p> <p>17 Q Then on the next page, subparagraph b., 18 there is two entries for threatened litigation. True?</p> <p>19 A True.</p> <p>20 Q And you were aware of those threatened 21 claims before the closing, true?</p> <p>22 A If they were on the debt schedule, yes. It</p>	<p>98</p> <p>1 MR. GREEVES: 7. Here. I'll tell you what, 2 you can --</p> <p>3 MR. MURPHY: Do you need a fresh sticker?</p> <p>4 THE WITNESS: No. We got it.</p> <p>5 So why don't you read this one and give that 6 one to Sue.</p> <p>7 MR. GREEVES: Okay.</p> <p>8 THE WITNESS: Sorry. I'm a rookie.</p> <p>9 Okay. Thank you.</p> <p>10 BY MR. MURPHY:</p> <p>11 Q This is the side letter that you referred to 12 earlier?</p> <p>13 A I'm not sure if this is -- it doesn't say 14 side letter anywhere. I don't know where we came up 15 with the term "side letter."</p> <p>16 Q Look on page 3, in the middle of the page.</p> <p>17 A Oh, signature page to side letter agreement.</p> <p>18 Thank you.</p> <p>19 Q What does this letter have to do with?</p> <p>20 A Well, it's got a couple of important 21 provisions in it. It's basically that the seller is 22 personally liable for any excess debt.</p>
<p>1 would be interesting to reconcile this with the debt 2 schedule.</p> <p>3 (Deposition Exhibit Number 7 was marked for 4 identification.)</p> <p>5 BY MR. MURPHY:</p> <p>6 Q I'm showing you what we've marked Exhibit 7 Number 7.</p> <p>8 A Thank you.</p> <p>9 Q Earlier before we broke, we were talking 10 about a side letter. Do you recall that?</p> <p>11 A Yes.</p> <p>12 Q Does Exhibit 7 or what we've marked as 13 Exhibit 7 appear to be the side letter?</p> <p>14 MR. GREEVES: You shouldn't really write on 15 that.</p> <p>16 THE WITNESS: Okay. Well, give me a copy 17 again. I'll just switch you.</p> <p>18 MR. GREEVES: That's got the tag on it. You 19 wrote on that one, too.</p> <p>20 THE WITNESS: Oh. Okay.</p> <p>21 Sue, do you have --</p> <p>22 MS. KOVAL: Which one?</p>	<p>99</p> <p>1 Q Describe for me what your understanding of 2 Braintech accepted debt is.</p> <p>3 A That's the debt that is reflected in 4 section 6.3, I believe, of the SPA, where Braintech 5 says it will ensure the payment of this debt by SI.</p> <p>6 Q "Braintech accepted debt" is a defined term 7 in the side letter; true or false?</p> <p>8 A Yeah. Well, it says any company 9 indebtedness -- would you like me to read the 10 definition or --</p> <p>11 Q No. The question is it's a defined term in 12 the document. True or false?</p> <p>13 A I don't know if that's the full definition 14 of it. I think we should probably go into the SPA and 15 maybe glean it from there. I don't know.</p> <p>16 Q For the purpose of the side letter, is the 17 definition of "Braintech accepted debt" supposed to be 18 something else than what's set forth?</p> <p>19 A No, but the definition actually may be 20 parked in the SPA document, not a side letter.</p> <p>21 Because I think the SPA, J.P., speaks to the Braintech 22 accepted debt in numerous places, including, I think</p>

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<p>1 my recollection is 6.3.</p> <p>2 Do you have 6.3?</p> <p>3 MR. GREEVES: He'll give it to you.</p> <p>4 THE WITNESS: I would like to see it.</p> <p>5 MR. MURPHY: If you would like to, I have</p> <p>6 Exhibit 1 from Mr. Shafi's deposition, which includes</p> <p>7 the share purchase agreement. If you need to refer to</p> <p>8 that.</p> <p>9 MS. KOVAL: You want him to look inside it</p> <p>10 and find it? Is that what you're asking the witness</p> <p>11 to do?</p> <p>12 MR. MURPHY: I'm not asking the witness --</p> <p>13 I'm just asking the witness if there's some other</p> <p>14 definition of "Braintech accepted debt" set forth in</p> <p>15 Exhibit 7 beyond what Exhibit 7 says.</p> <p>16 MR. GREEVES: It's on page 29.</p> <p>17 THE WITNESS: Yeah. That's the -- I mean,</p> <p>18 the definition of that is I think the debt off the</p> <p>19 debt schedule that Braintech will cause Shafi, Inc. to</p> <p>20 satisfy.</p> <p>21 I think, you know, typically, in</p> <p>22 transactions and documents, you have to kind of</p>	<p>102</p> <p>1 draft the initial set of the stock purchase agreements</p> <p>2 for the transaction documents.</p> <p>3 So I will tell you that Braintech lawyers</p> <p>4 drafted the first set of the documents.</p> <p>5 Q Is it fair for me to assume that Braintech</p> <p>6 lawyers drafted the first draft of the side letter?</p> <p>7 A You know, I don't know if I want to assume</p> <p>8 that one, because this is kind of a -- this is kind of</p> <p>9 a special, very important paper here. I -- I -- I</p> <p>10 don't know. I mean, we can -- I don't know how we</p> <p>11 even check. We can look through e-mails to see who</p> <p>12 sent what to what -- to who.</p> <p>13 Q There was a schedule associated with the</p> <p>14 side letter; is that your recollection?</p> <p>15 A A schedule?</p> <p>16 Q Yes.</p> <p>17 A I don't see a schedule.</p> <p>18 Q It was a schedule associated with the</p> <p>19 closing.</p> <p>20 A A closing schedule?</p> <p>21 Q No.</p> <p>22 A Let's just go to it. I mean it's here,</p>
<p>1 connect the dots.</p> <p>2 BY MR. MURPHY:</p> <p>3 Q So what I'm trying to understand is --</p> <p>4 A Yes, sir.</p> <p>5 Q -- for the purpose of the side letter, which</p> <p>6 is Exhibit 7, is the definition of "Braintech accepted</p> <p>7 debt" accurate or not?</p> <p>8 A I'm trying to answer your question, right.</p> <p>9 I don't know if the definition of "Braintech accepted</p> <p>10 debt" is in the side letter or if it's in the stock</p> <p>11 purchase agreement document. I don't know which</p> <p>12 definition is where.</p> <p>13 I see what it says here. And I think I just</p> <p>14 explained to you what it meant to me.</p> <p>15 Q Who drafted the side letter?</p> <p>16 A Well, one of the attorneys. Either</p> <p>17 Greenberg from our side or I think Glen Smith from</p> <p>18 Shafi's side.</p> <p>19 Q Who drafted the share purchase agreement?</p> <p>20 A I think -- well, typically the buyer does,</p> <p>21 right? I mean, of all the transactions I've been</p> <p>22 involved in, 18-plus as a buyer, we -- the lawyers</p>	<p>103</p> <p>1 right? So let's just go to what you're referring to.</p> <p>2 And I can be responsive.</p> <p>3 Q I'll ask the questions.</p> <p>4 A I'm sorry.</p> <p>5 Q Your signature is on Exhibit 7, true?</p> <p>6 A Yes, sir.</p> <p>7 Q There had been discussions prior to the</p> <p>8 closing of your interest in having some sort of</p> <p>9 netting effect of Shafi revenue against payments that</p> <p>10 were going to be made on the Shafi debt, true?</p> <p>11 A Yes.</p> <p>12 Q And it was your expectation in those</p> <p>13 discussions that income or revenue coming in from</p> <p>14 Shafi would be used to pay the Shafi debt identified</p> <p>15 in Exhibit 7?</p> <p>16 A That was --</p> <p>17 MR. GREEVES: Objection to the form.</p> <p>18 THE WITNESS: That was a very important</p> <p>19 tenet and aspect to the whole transaction, number 1.</p> <p>20 Number 2, that's why we spent so much time in this</p> <p>21 debt schedule. And that's why we spent so much time</p> <p>22 with Shafi to identify his Shafi revenue pipeline.</p>

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<p>1 BY MR. MURPHY:</p> <p>2 Q So was the payment --</p> <p>3 A So the in process.</p> <p>4 Q Was the payment of Shafi accepted -- or let me back up and make this a good question.</p> <p>5 Was the payment of Braintech accepted debt as defined in Exhibit 7 conditioned on revenue coming in from Shafi sales?</p> <p>6 A Well, I don't see a schedule of this Braintech accepted debt in this side letter, so I'm not sure. All that I can tell you for sure, J.P., is if we go to the debt schedule, which is a document, which is a schedule in the stock purchase agreement, it was all outlined right there. We had the debt payments monthly, and they were associated with the Shafi pipeline revenue. Right on the face of the document. And that was a very important aspect to this whole transaction.</p> <p>19 And we talked about it numerous -- I mean, there is, I don't know how many umpteen e-mails between the parties talking about this.</p> <p>22 Q Was the payment of Braintech accepted debt</p>		<p>1 A And the netting -- I'm sorry.</p> <p>2 Q Go ahead.</p> <p>3 A And the netting of all that was the 900,000, I believe. But if I had the debt schedule document in front of me I think I can answer your questions conclusively.</p> <p>7 Q There were three components of the Shafi debt in this whole transaction. The first component was the \$100,000 paid for the letter of intent. The second component was the \$900,000 Braintech accepted debt. And the third component was the amount of debt that Mr. Shafi would undertake to pay personally. Is that an accurate restatement?</p> <p>14 MR. GREEVES: Objection to the form.</p> <p>15 THE WITNESS: Like I said, if I can see the debt schedule, I can respond. What I don't know is whether the 100,000 up front was on top of the 900,000 or below it. That I don't remember. But we can simply go to a debt schedule and answer that.</p> <p>20 BY MR. MURPHY:</p> <p>21 Q But do you agree with me that there's nothing -- no language in Exhibit 7 that makes payment</p>	
<p>1 as defined in Exhibit 7 conditioned on revenue coming in from Shafi sales?</p> <p>3 A I don't know what -- I don't know what this schedule -- if this is -- let me answer it this way, please. If this Braintech accepted debt as it refers to in this side letter is the same debt in the debt schedule, the answer to your question is yes.</p> <p>8 Q Okay. Exhibit 7 says that the Braintech accepted debt would not exceed \$900,000. True?</p> <p>10 A That was the -- that was the ceiling for the debt on the debt schedule.</p> <p>12 Q Actually, the ceiling was a million dollars, but you had already paid out \$100,000 with the LOI deposits; is that accurate?</p> <p>15 A Well, there was a couple of things going on in that number, J.P. There was the \$100,000 that we already funded up front, which, once again, went towards business expenses, not anybody's pocket, right? The hundred thousand. Then there was also excess debt beyond that which Adil Shafi was personally responsible for.</p> <p>22 Q So --</p>	107	<p>1 of the Braintech accepted debt conditional upon receipt of Shafi, Inc. revenue?</p> <p>3 A The purpose of this Exhibit 7 was to express that any excess debt was the responsibility of Adil Shafi personally. That's the purpose of this, as you call it, side letter.</p> <p>7 Q Is there anything in Exhibit 7 that makes payment of Braintech accepted debt conditional upon receipt of revenue from Shafi, Inc. business?</p> <p>10 MS. KOVAL: Asked and answered.</p> <p>11 THE WITNESS: So do I answer?</p> <p>12 MR. GREEVES: Uh-huh.</p> <p>13 MR. MURPHY: Sure.</p> <p>14 MR. GREEVES: You can answer.</p> <p>15 THE WITNESS: You know, once again, if this is the same debt that's outlined in the debt schedule, right, that's tied to the Shafi pipeline revenue, the answer is yes.</p> <p>19 I don't see a schedule of this accepted debt.</p> <p>21 BY MR. MURPHY:</p> <p>22 Q So your --</p>	109

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<p>1 Q Okay. On the second page of your e-mail to 2 Mr. Shafi --</p> <p>3 A Yes, sir.</p> <p>4 Q -- the very last line, "Please channel all 5 your questions and calls through me regarding 6 Braintech and this partnership."</p> <p>7 Did I read that accurately?</p> <p>8 A Yes, you did.</p> <p>9 Q And what did you mean by that?</p> <p>10 A You know, at this -- May, I mean, we were 11 trying to accomplish a lot at Braintech, you know, and 12 Adil was absorbing -- this comment was a result of 13 Babak's comment to me actually. Protect me, Rick. 14 He's absorbing so much of my time if you want me to be 15 focused on this. So I try to protect my people and 16 their time and their resources.</p> <p>17 Q That's it? So based upon that, you wanted 18 all communications regarding this deal to go between 19 you and Mr. Shafi?</p> <p>20 A And if they were technical, I would then 21 delegate them on to Babak. If they were sales, so and 22 so. If they were -- you know, correct.</p>	<p>273</p> <p>1 possible breaking point, and you may just decide to go 2 your own way. Is that a fair statement?</p> <p>3 MR. GREEVES: You mean before or after he 4 read Mr. Shafi's -- we already talked about the 29th 5 e-mail. Now we have Mr. Shafi's e-mail.</p> <p>6 BY MR. MURPHY:</p> <p>7 Q Well, you -- there's an understanding -- 8 there's comments in the e-mails that this may be 9 unraveling. But there's continuing discussions here. 10 Do you agree with that?</p> <p>11 A Well, there's e-mails going back and forth. 12 Yes, I agree with that.</p> <p>13 Q Here is where Mr. Shafi informs you that he 14 didn't want to show you everything about Reliabot. In 15 the very last paragraph of his e-mail.</p> <p>16 A Yeah. I mean --</p> <p>17 Q And that -- that issue held true all the way 18 through the closing? That never changed?</p> <p>19 A Right. We never -- we never -- yeah, we 20 never saw the technology until a month after closing.</p> <p>21 Q And you waived --</p> <p>22 A To the best of my knowledge.</p>
<p>1 (Deposition Exhibit Number 30 was marked for 2 identification.)</p> <p>3 BY MR. MURPHY:</p> <p>4 Q I'm showing you what we're going to mark as 5 Exhibit 30.</p> <p>6 A 30. Thank you. We're still in May.</p> <p>7 Q And you're still using weidingersfamily.com.</p> <p>8 A I'm sorry.</p> <p>9 Q You don't have to apologize.</p> <p>10 MR. GREEVES: We have moved one day forward.</p> <p>11 THE WITNESS: What?</p> <p>12 MR. GREEVES: We have moved one day forward.</p> <p>13 And thankfully there are only 31 days in May.</p> <p>14 THE WITNESS: Jesus criminy.</p> <p>15 BY MR. MURPHY:</p> <p>16 Q I just -- I'm not going to go through detail 17 about this. But this is --</p> <p>18 MR. GREEVES: Take your time.</p> <p>19 BY MR. MURPHY:</p> <p>20 Q There's a lot of communications going on 21 during these couple of days. And it appears to me 22 reading the e-mails that you're at a breaking point, a</p>	<p>274</p> <p>276</p> <p>1 Q If you had any interest in seeing the 2 technology, you waived it or decided it wasn't 3 important to close the transaction; true?</p> <p>4 A Not true.</p> <p>5 Q You closed without seeing --</p> <p>6 A We were not allowed by Adil to even get near 7 it. He coveted it. He hid it in his basement.</p> <p>8 Q And you closed the transaction on August 12 9 without access to it; true or false?</p> <p>10 A Based on his representations of what that 11 software was, correct.</p> <p>12 Q Representations in the share purchase 13 agreement?</p> <p>14 A Yes. Yes. Yeah.</p> <p>15 Q Any representations about Reliabot software 16 anywhere else than the share purchase agreement?</p> <p>17 A Probably -- I'll think about that question.</p> <p>18 Many e-mails back and forth. Many conversations back 19 and forth. But certainly in the acquisition 20 documents.</p> <p>21 Q But as we sit here today, can you identify 22 any other representations other than what I'm going to</p>

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<p>1 find in the share purchase agreement?</p> <p>2 A Other than what he said, other than what</p> <p>3 he's written, other than what the group has discussed,</p> <p>4 other than what we've agreed to in joint meetings</p> <p>5 together after closing, before closing.</p> <p>6 Q Okay.</p> <p>7 A His Web site.</p> <p>8 Q Okay. What other representations did</p> <p>9 Mr. Shafi make in writing about Reliabot software?</p> <p>10 A Oh, he made a lot of representations.</p> <p>11 Number 1, he represented he was the architect of</p> <p>12 Reliabot, which we found after the fact was not -- we</p> <p>13 found that out from his ex-employees. You know, that</p> <p>14 it was revenue ready. We found out after the fact</p> <p>15 that it was based on 1998 Visual 6 language that is</p> <p>16 outdated and no longer supported by Microsoft. I</p> <p>17 mean, there is a whole litany of things that were</p> <p>18 represented to us about his technology that we found</p> <p>19 out after the fact were incorrect.</p> <p>20 Q And what representations to that effect were</p> <p>21 made in writing?</p> <p>22 A We should go through the document, the</p>		<p>1 you?</p> <p>2 A No, no, no. But there were certain</p> <p>3 statements about his technology on his Web site that</p> <p>4 our scientists in Vancouver found to be untrue.</p> <p>5 Q But you closed anyway?</p> <p>6 A I think that they discovered all this after</p> <p>7 they were able to do -- a month after closing when</p> <p>8 they were able to do their evaluation of the software</p> <p>9 once they received the software.</p> <p>10 (Deposition Exhibit Number 31 was marked for</p> <p>11 identification.)</p> <p>12 BY MR. MURPHY:</p> <p>13 Q I'm showing you what we've marked as Exhibit</p> <p>14 Number 31.</p> <p>15 A Okay. Thank you.</p> <p>16 MR. GREEVES: Thanks.</p> <p>17 THE WITNESS: May, still.</p> <p>18 BY MR. MURPHY:</p> <p>19 Q Still in May. I'm sorry.</p> <p>20 A Wow.</p> <p>21 Q I can apologize to you.</p> <p>22 A That's cool.</p>	
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<p>1 transaction document rep by rep, and his Shafi</p> <p>2 pipeline revenue forecast where it represented that</p> <p>3 his technology was revenue ready.</p> <p>4 Q If the share purchase agreement contains a</p> <p>5 clause that says all of the representations and</p> <p>6 negotiations up to this point are merged into the</p> <p>7 share purchase agreement, is it appropriate for you to</p> <p>8 rely on representations that are not found in the</p> <p>9 share purchase agreement?</p> <p>10 MR. GREEVES: Objection. It's hypothetical.</p> <p>11 THE WITNESS: Can you ask me that again,</p> <p>12 please. I'm sorry. I didn't catch that.</p> <p>13 BY MR. MURPHY:</p> <p>14 Q Are you saying that you relied upon</p> <p>15 representations about Reliabot software that were</p> <p>16 found outside of the share purchase agreement?</p> <p>17 A I think those representations were mainly in</p> <p>18 the share purchase agreement. But there were many</p> <p>19 e-mails going back and forth and Adil representing his</p> <p>20 technology. His Web site was one of them.</p> <p>21 Q Well, you wouldn't expect him to have</p> <p>22 proprietary code information on his Web site, would</p>		<p>1 MR. GREEVES: You guys should be apologizing</p> <p>2 to us.</p> <p>3 MR. MURPHY: Okay. I apologize to everybody</p> <p>4 in the room, including Madam Court Reporter.</p> <p>5 BY MR. MURPHY:</p> <p>6 Q I just want to ask you, you reiterate, and I</p> <p>7 think it's in blue on your copy, I'm not sure, under</p> <p>8 the heading "Commercial," the very last bullet point,</p> <p>9 beginning at the right side of the first line.</p> <p>10 A Uh-huh.</p> <p>11 Q "Please channel all your questions and calls</p> <p>12 through me."</p> <p>13 Actually, I'm sorry. This was Mr. Shafi</p> <p>14 responding to your request to do that?</p> <p>15 A Uh-huh.</p> <p>16 Q And so Mr. Shafi expressed his agreement to</p> <p>17 that, right?</p> <p>18 A Yes. Was this before or after his problem</p> <p>19 number 1 and problem number 2 e-mail? This is</p> <p>20 dated -- oh, this is after. So after he sent that</p> <p>21 e-mail, he said 90 percent of... gees.</p> <p>22 MR. GREEVES: Any other questions about</p>	

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1 CERTIFICATE OF NOTARY PUBLIC

2 I, VICKY REINER, the officer before whom the
3 foregoing deposition was taken, do hereby certify that
4 the witness whose testimony appears in the foregoing
5 deposition was duly sworn by me; that the testimony of
6 said witness was taken by me in stenotypy and
7 thereafter reduced to typewriting under my direction;
8 that said deposition is a true record of the testimony
9 given by said witness; that I am neither counsel for,
10 related to, nor employed by any of the parties to the
11 action in which this deposition was taken; and,
12 further, that I am not a relative or employee of any
13 counsel or attorney employed by the parties hereto,
14 nor financially or otherwise interested in the outcome
15 of this action.

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Vicky Reiner

VICKY REINER
Notary Public in and for the
Commonwealth of Virginia



My commission expires:
December 31, 2011
Registration No. 7117657